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C O N F I D E N T I A L SECTION 01 OF 04 RANGOON 000406

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TAGS: [PGOV](#) [PHUM](#) [ECON](#) [PREL](#) [BM](#)

SUBJECT: PYINMANA: THE EMPEROR'S NEW CAPITAL

REF: A. USDAO RANGOON BM 361

[B](#). BANGKOK 1625

[C](#). 05 RANGOON 1421

[D](#). 05 RANGOON 1346

[E](#). 05 RANGOON 1325

Classified By: P/E Chief W. Patrick Murphy for Reasons 1.4 (b,d)

[1](#). (C) Summary: Months after announcing the sudden relocation of Burma's capital, the military regime continues efforts to build a new city to house thousands of civil servants who have already moved and are attempting to carry out government operations at remote, unserved locations. There are few signs that top regime leaders, most notably Senior General Than Shwe, have permanently relocated. Nonetheless, the SPDC has undertaken efforts to convince the population that Pyinmana (now officially dubbed "Nyapyidaw - Seat of the King") is the new capital, including convening cabinet meetings at the new military complex; appointing a new mayor; offering new transportation options to get there; securing reliable power supplies; and even including Pyinmana in national weather reports ("hot and sunny"). Most Burmese, however, are cautious about investing in the relocation or accepting its permanence. They believe the relocation is the work of a single individual, Than Shwe, and that he undertook the move to replicate the actions of Burma's ancient kings. Many Burmese therefore question the staying power of the bizarre relocation. End Summary.

WE BUILT THIS CITY ON ROCK AND RICE

[2](#). (U) Four months after the military regime announced the sudden relocation of the country's capital from Rangoon to remote Pyinmana in central Burma (ref E), the GOB continues efforts to support the bizarre move by building an entirely new city from scratch. The administrative and military zones that comprise the new capital region are located in an area that was once little more than rice paddies and forested hills, devoid of even minimal infrastructure to support the thousands of civil servants and soldiers who have already relocated.

[3](#). (SBU) The new capital zone is a massive construction site. A substantial military complex to the east of Pyinmana is largely complete, as is an administrative compound to the west that houses over two dozen ministries. According to business contacts, however, construction is incomplete on thousands of housing units, roads, and other infrastructure. Crony companies continue to carry the weight on construction, including work on a new Parliament, a presidential residence, and opulent houses for individual generals and ministers.

[4](#). (SBU) The crony companies building Pyinmana are stretched thin, operating on paltry GOB advance payments and promises of acquiring government property vacated in Rangoon. The regime has advertised widely for workers, especially skilled craftsmen, as many laborers have abandoned work sites due to poor working conditions, low wages, and the threat of malaria. There have been no reliable reports of forced labor used for construction, but credible sources indicate that the SPDC has forcibly relocated villagers to make way for new infrastructure projects. A build-up of security forces in the greater region has precipitated the flight of hundreds of ethnic Karen to the Thai border (ref B).

[5](#). (C) Although the private sector is taking some advantage of opportunities in the new capital region by engaging in land speculation, new hotel construction, and small commercial ventures--most Burmese remain extremely cautious about investing in the relocation or even acknowledging that the regime has moved the capital. The true motives for the costly relocation (which sources estimate as high as \$2 billion), perhaps unprecedented in its scope and speed, remain unknown.

MOVE NOW - OR ELSE

[6](#). (SBU) After an initial mass relocation of government offices and functionaries in November and December, the GOB implemented a second wave in January to prepare for an

inspection visit by SPDC Chairman Than Shwe on February 17. Most of the GOB's 30 cabinet ministries have made the move, leaving behind in Rangoon only liaison units, key departments of revenue-earning ministries and state enterprises, and offices that convinced authorities they would not be able to carry out vital functions in Pyinmana. Several government offices--including the Myanmar Port Authority, the Prison Department, the Fire Service, and portions of the Ministries of Industry and Education--relocated back to Rangoon once authorities realized their inability to function at the new site was harming government operations.

WE'RE ON A ROAD TO NOWHERE -----

17. (C) Although top regime leaders have spent considerable time visiting and inspecting sites in Pyinmana, it does not appear that they have permanently relocated to the remote area. Most notably, SPDC Chairman Than Shwe, the man behind the capital relocation, apparently has no plans to move out of his Rangoon military compound. Nonetheless, the SPDC has undertaken several efforts to convince the population that Pyinmana is not only the new capital, but also an important crossroads:

--Beginning in late February, the SPDC started holding weekly cabinet meetings in Pyinmana, requiring many ministers and regime officials to travel the 225 miles each way for every meeting;

--For the first time since independence, the regime will skip Rangoon in marking its annual Armed Forces Day. Traditionally, the regime devotes considerable resources to these events, including thousands of parading soldiers, military band competitions, and state dinners. The regime will instead celebrate the March 27 national holiday, which commemorates Burmese resistance against the Japanese occupation, in Pyinmana. The Ministry of Defense has invited Rangoon-based foreign military attaches to attend (ref A). The NLD and other pro-democracy opposition parties, who refer to the holiday as "Resistance Day," will hold their traditional commemoration in Rangoon.

--In late February, the GOB appointed Col. Thein Nyunt as mayor of the new capital. Thein Nyunt will also retain his current duties as Minister of Progress of Border Areas and National Races and Development Affairs, a position he has held since 1997. In its official announcement, the GOB specified that Thein Nyunt would be mayor of "Naypyidaw," which means royal capital or "Seat of the King," the name the GOB now uses for the new administrative site near the existing town of Pyinmana. The regime has also reportedly created a new "Naypyidaw" military command covering the capital region.

--The GOB has taken steps to ensure that Pyinmana has a stable power supply. Despite regular electricity shortages in Rangoon, and an even greater power supply problem in Mandalay, authorities have tapped power lines that transmit electricity from northern reservoirs to central and southern Burma. According to oil and gas industry sources, the regime is also building a natural gas pipeline to the new capital from Rangoon.

--The GOB now offers several air and train options as alternatives to the eight-hour overland trip on the potholed, two-lane road that connects Rangoon to Pyinmana. According to the Minister of Rail Transportation, the GOB recently purchased nearly \$30 million worth of used trains and spare parts from India to improve a daily rail connection; however, the trip by train still takes about ten hours and there is a three or four day waitlist to purchase tickets.

--The state-run, and highly unreliable, Myanmar Airways runs a daily round-trip flight from Rangoon to a new airfield at Ela, 20 miles south of Pyinmana. Air Bagan, owned and operated by regime crony businessman and arms dealer Te Za, offers thrice-weekly one-hour flights. In addition, private airlines Air Mandalay and Yangon Airways also added several flights per week.

--The GOB's official news broadcasts and newspapers now offer regular weather reports on Pyinmana, joining regular coverage of Rangoon and Mandalay. Like everywhere in Burma at this time of year, it's hot and sunny in Pyinmana every day of the week.

COMINGS AND GOINGS -----

18. (C) Despite ongoing efforts to create a perception that Pyinmana is fully operational, access to the new capital region remains highly restricted. We know of no diplomats, other than our own Embassy officers (ref D), who have explored the new capital. Subsequent to our trip in November, the GOB advised all diplomatic missions and

foreigners to stay away from the new capital region. Authorities have arrested construction workers, students, and journalist for taking photographs or videotaping at various sites. MFA officials have stated that they intend to invite the diplomatic corps to Pyinmana in April for a tour.

9. (SBU) The capital relocation has involved the transfer of thousands of soldiers and civil servants. Grumbling about the relocation reportedly tends to come from senior officers. Pyinmana may offer, however, a welcome alternative to deployment to dangerous conflict border areas. Rank and file soldiers, accustomed to taking orders and to frequent moves, reportedly have discovered that the new military complex in Pyinmana has much to offer in the way of recreation and comfort.

10. (C) The story is considerably different for civil servants. The GOB has installed phone lines in Pyinmana, but dozens of office workers share each phone and must queue in long lines to make official or personal calls to Rangoon. The regime has prohibited family members from joining relocated workers and current housing consists of crowded dormitories and barracks. A Ministry of Foreign Affairs official told us that Burmese diplomats now eagerly welcome any overseas assignment, since nothing compares to what she described as "Pyinmana, the ultimate hardship." We queried another official if he would return to Pyinmana after a three-month training program in Brunei. He responded, "I hope I get more training." We've heard many stories about officials who have faked serious health issues or opted for early retirement to avoid relocation.

COMMENT: IS IT SUSTAINABLE?

11. (C) The various rumors and theories about the capital relocation share a single common thread: this is the work of Senior General Than Shwe, and him alone. Most of Burma's ancient kings attempted to cement their legacy by relocating the kingdom's capital. Than Shwe's audacious naming of the new capital as "Seat of the King" suggest to many Burmese that the move may reflect his illusions of grandeur or is perhaps another sign of his possible dementia. Burmese with whom we talk can't make any sense out of the bizarre relocation and we've heard reports that senior military officers view the move as an embarrassment to the armed forces. While there are no visible fissures within the senior ranks, Burmese officers have never taken besmirchment of the Tatmadaw lightly.

12. (C) According to these theories on Than Shwe's role in the capital relocation, should he depart from the power structure, through natural or other causes, the sustainability of the move to Pyinmana-Naypyidaw is entirely uncertain, as it was following the demise of most Burmese kings. The capital relocation may be a passing whim, that goes when Than Shwe goes. End Comment.

VILLAROSA